

Stakeholder Meeting  
on Energy Savings Goals

# Technical Working Group: Combined Heat & Power

October 23, 2013  
Minnesota Department of Commerce  
St. Paul



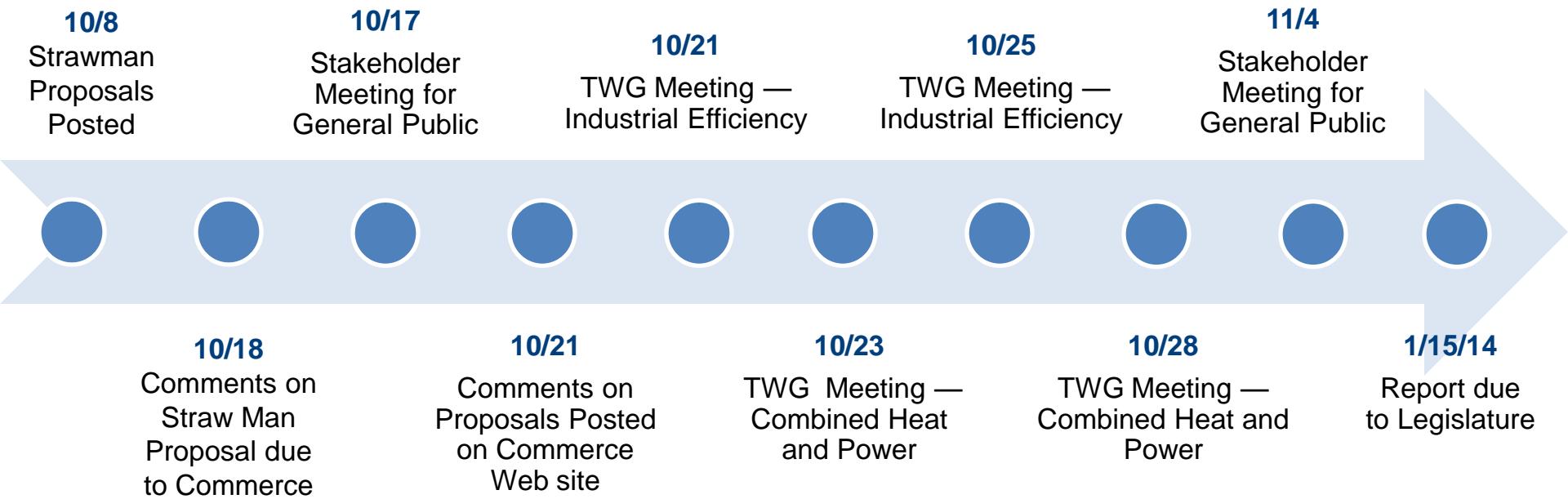
# TWG: Combined Heat & Power

## Meeting purpose

- Explore the feasibility of greater inclusion of CHP in Minnesota's energy policy portfolio
- Highlight opportunities, stakeholder perspectives and concerns vis.a.vis CHP
- Explore the critical path required to include CHP in Minnesota's energy policy portfolio

# Energy Savings Goals Study

## Stakeholder input process



# Today's agenda

## 1:00 Welcome & overview of agenda

- Minnesota Department of Commerce, Division of Energy Resources

## 1:10 Combined Heat & Power : Overview & case study

- Overview of Combined Heat & Power: Ken Smith, Ever-Green Energy
- Case study: Jerome Malmquist, University of Minnesota
- Case study: Gary Myhrman, RockTenn

## 2:10 Break

## 2:15 CHP strawman proposal

- Update, Jessica Burdette, Department of Commerce, Division of Energy Resources
- Submitted comments, Steve Kihm, Director of Market Research and Policy, ECW

## 3:15 CHP issues and critical path

## 4:45 Conclusion and priorities for 10/28 CHP Meeting #2

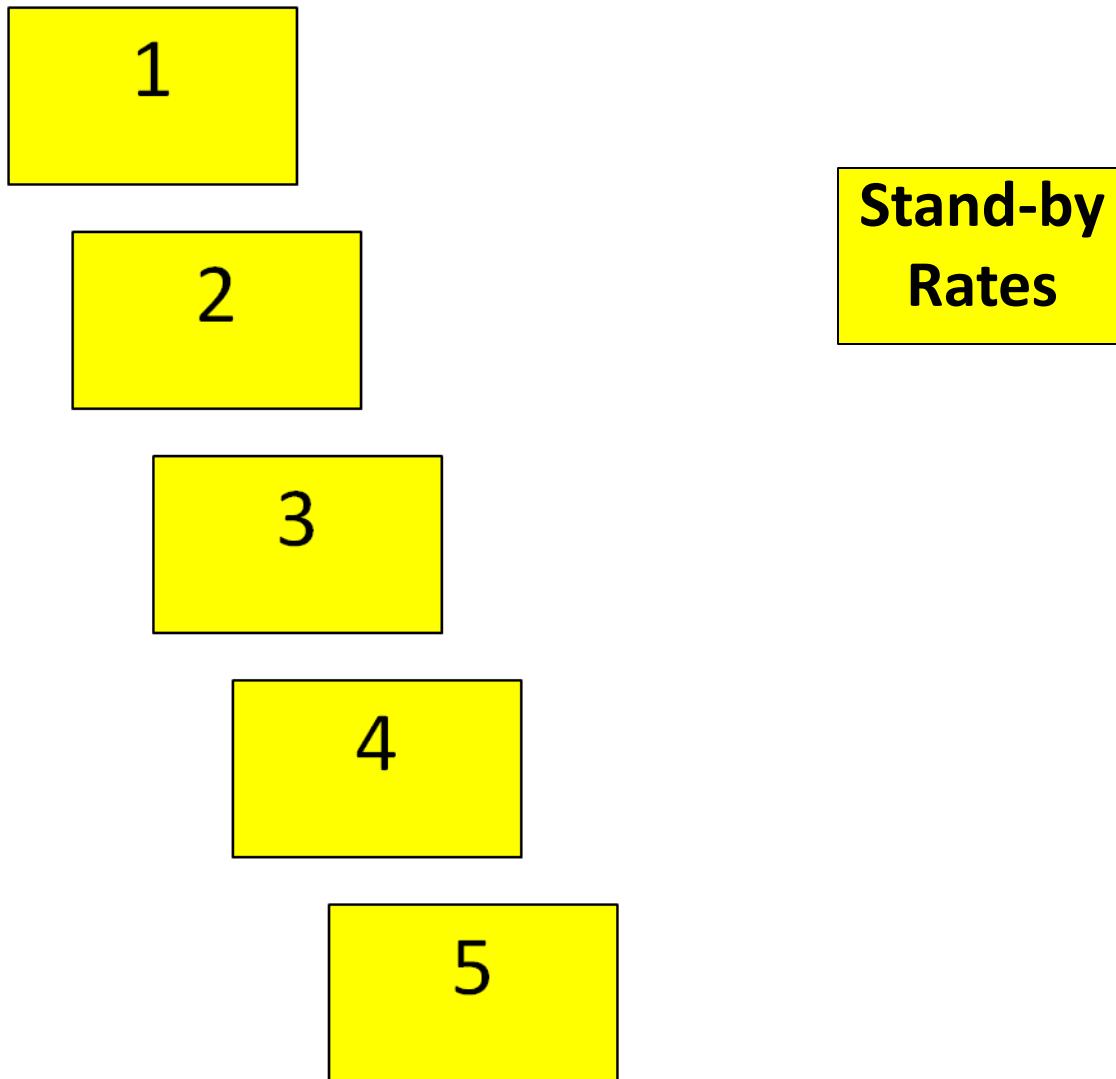
# CHP strawman proposal – ISSUES

- Energy savings credit toward utilities 1.5% energy savings goal
- Cost effectiveness evaluation of waste heat to power systems and programs
- Fuel neutrality and fuel switching
- Financial Incentives
- Stand-by Rates

# Critical Path to CHP inclusion

- Within the next 5 years, deliver 1000 MW of new CHP in Minnesota
- Recommend to MN COMM & legislature the critical path required to make this happen.
  1. *What are the top five issues or barriers that need to be resolved to get this done? (for example, stand-by rates)*
  2. *What is the critical path? In what order would you need to address them?*

# Critical Path to CHP inclusion



# Questions: Utility Energy Savings Credit

1. How should utilities receive credit toward their demand-side management goals (both CIP and IRP?) from implementation of combined-heat and power in their service territories?
2. What methodologies should be used to determine a net reduction in energy consumed/demanded from implementation of CHP that crosses property lines and meter accounts (i.e. one facility implements a CHP project to recover waste heat from its operation and uses the waste heat to supply thermal load or generate electricity to meet the needs of another utility customer's thermal or electric load needs)?
3. If CHP projects begin to dwarf other demand-side programs, where and how should CHP and other large energy savings projects be tracked?

# Questions: Cost effectiveness evaluation

1. Are the current cost effectiveness tests (i.e. Societal Test, Utility Cost Test, Participant Cost Test, Etc.) and Ben Cost assumptions used to evaluate demand-side management programs in the Conservation Improvement Program appropriate for evaluating CHP programs or measures?

# Questions: Fuel neutrality and fuel switching

1. What are current stakeholder concerns regarding fuel switching issues associated with CHP projects?
2. How should fuel switching concerns be handled so that one utility customer of a specific fuel type (electric) is not subsidizing the cost of CHP project incentives or utility load building that may be provided to another utility customer for a different fuel type (natural gas)?

# Questions: Financial incentives

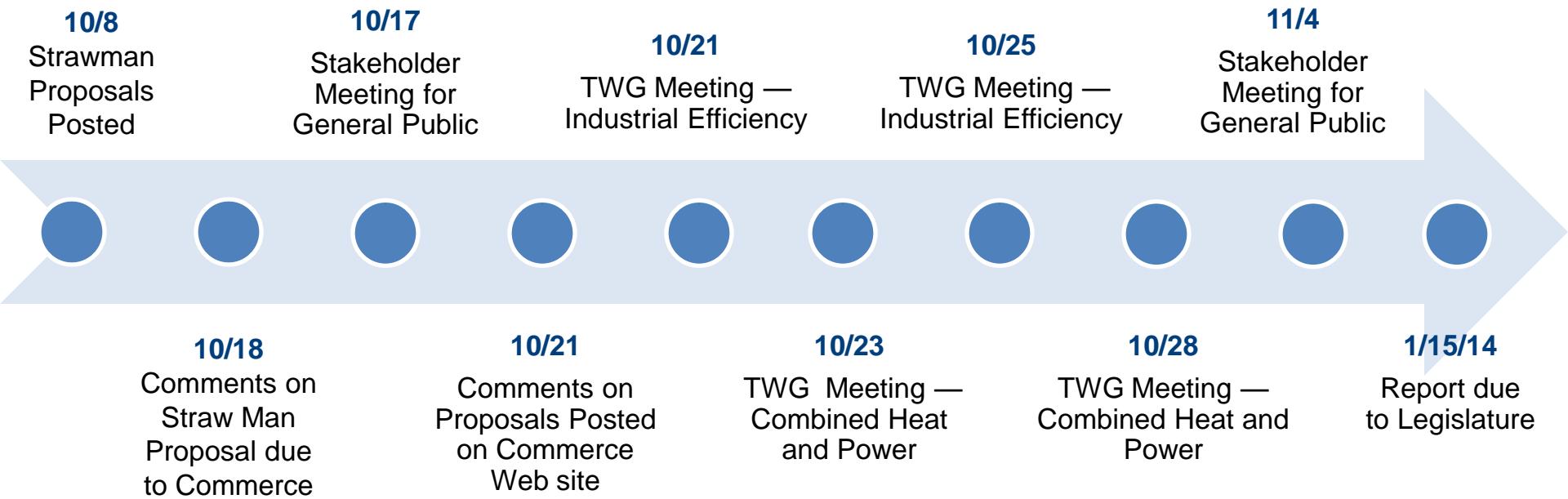
1. How should customers be incentivized to implement CHP projects? (small scale cogeneration?)
2. How should utilities be incentivized to help their customers implement CHP and compensate for lost revenues associated with this type of project implementation?

# Questions: Stand-by Rates

1. How are stand-by rates from electric utilities currently impacting CHP project implementation in Minnesota?
2. Is there a different methodology that could be used to calculate stand-by rates for distributed generation projects related to CHP?
3. What regulatory changes could be made to foster CHP implementation?

# Energy Savings Goals Study

## Stakeholder input process



# Next steps

## **TWG: Industrial Energy Efficiency**

10/21 1-5PM

10/25 8:30am-12:30pm

## **TWG: Combined Heat and Power**

10/23 1-5pm

10/28 1-5pm

## **General stakeholder group meeting**

11/4 1-5pm

# Purpose of stakeholder meetings

Facilitate a stakeholder process to gather input and perspectives

- Minnesota's *Energy Savings Goals HF 729 4<sup>th</sup> Engrossment, Article 12*
- *Industrial Energy Efficiency (TWG)*
- *Combined Heat and Power (TWG)*

Produce legislative report with recommendations on CIP energy savings goal